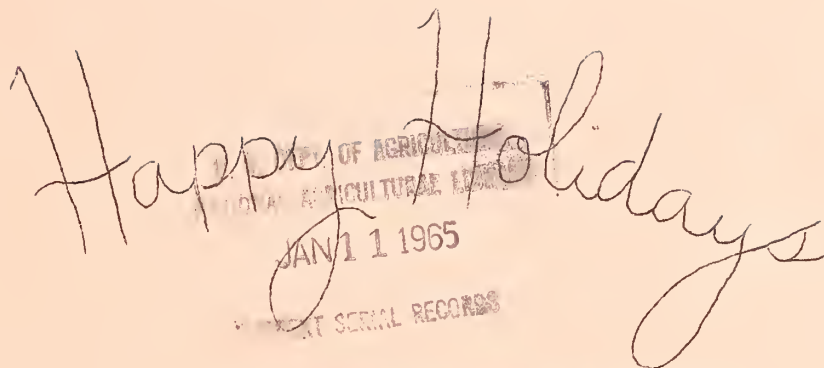
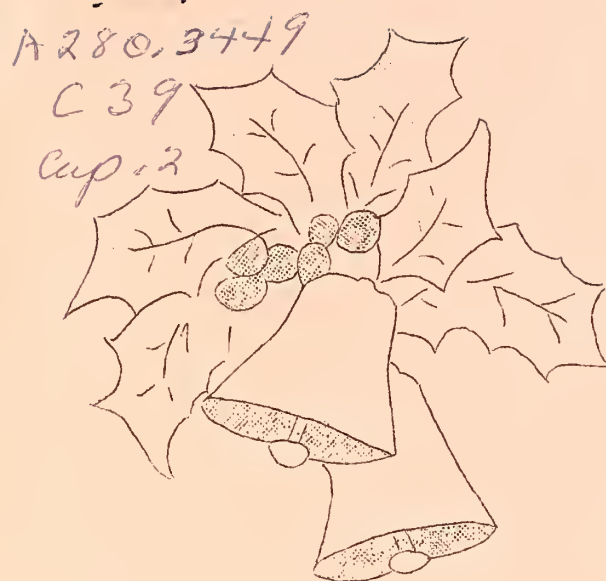


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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
November 1964

Volume 9

Number 4

Released Pursuant to §1090.27(j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY NOVEMBER 1964

The MINIMUM uniform producer price is \$4.83 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5%.

During November 86.8% of the total producer milk was priced in Class I at \$5.10 per cwt. with a butterfat differential of 7.9 cents and 13.2% in Class II at \$3.30 per cwt. with a butterfat differential of 7.2 cents. The daily average use of Gross Class I milk decreased 6.6% compared with October 1964 and increased 6.3% compared with November 1963.

Daily average delivery of milk from producers was 577,284 pounds in November 1964, a decrease of 1,825 pounds per day compared with October 1964 and an increase of 60,141 pounds compared with November 1963. Percentage-wise, November deliveries decreased 0.3% compared with October 1964 and increased 11.6% compared with November 1963.

MILK SAMPLES TESTED - Producer Fresh Samples 5,436 - Handler Finished Products 208.

FEDERAL MILK ORDER - PRODUCER SETTLEMENT FUND

Some handlers have mostly Class I milk which is all skim milk and butterfat disposed of from a plant in the form of fluid milk products such as; milk, skim milk, buttermilk, flavored milk and skim milk drinks, cream (sweet or sour), etc. Other handlers may use a large proportion of their receipts for Class II (manufacturing purposes) to produce any product other than a fluid milk product such as; ice cream, butter, cheese, condense, milk powder, etc. This results in wide variation among handlers in the average utilization value of their milk. Under a market pool, as provided for in the Chattanooga Order, each handler is required to pay at least the uniform price to all producers from whom he purchases milk. The difference between what the handler pays producers and the utilization value of his milk is paid to or taken from the "Producer Settlement Fund." Handlers with higher-than-average utilization pay the difference into this fund. This money is paid out to handlers with lower-than-average utilization. This results in "equalization" of cost of milk among all handlers and a uniform price to all producers.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Nov. '64 Over Nov. '63	Nov. 1964	Oct. 1964	Nov. 1963
Number of Plants (Pool and Non-Pool)		13	13	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Total Producer Milk	+ 11.6	577,284	579,109	517,143
Other Source	+ 20.4	21,897	22,176	18,180
Other Order	+169.2	15,768	11,079	5,857
Total Milk Receipts	+ 13.6	614,949	612,364	541,180
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 2.9	404,244	429,519	392,848
Fluid Skim	- 0.9	23,616	24,340	23,831
Buttermilk	- 6.7	43,384	45,175	46,508
Flavored Milk and Drink	+ 5.8	12,593	13,553	11,904
Fluid Cream (Sweet and Sour)	- 0.3	2,935	2,704	2,943
Other (Shrinkage, Inventory, etc.)		576	(761)	(1,171)
Transfers to Non-Pool Plants		19,750	28,259	307
Total Class I Milk	+ 6.3	507,098	542,789	477,170
Class II Uses:				
Ice Cream Mixes		32,186	33,925	18,016
Cottage Cheese		17,897	19,913	17,203
Powdered and Condensed Milk		13,504	5,265	6,965
Livestock Feed & Skim Dumped		5,512	5,207	4,307
Shrinkage Class II		7,211	5,998	8,276
Other (Butter, Inventory, etc.)		23,292	(8,962)	318
Transfers to Non-Pool Plants		8,249	8,229	8,925
Total Class II Milk	+ 68.5	107,851	69,575	64,010
Total Class I Pounds in Area	+ 0.3	292,431	311,008	291,467
Total Class I Pounds Outside Area	+ 15.6	214,667	231,781	185,703
Gross Class I Butterfat Pounds	+ 6.9	18,199	19,645	17,029
Gross Class II Butterfat Pounds	+ 24.2	6,898	5,330	5,552
Total Butterfat Pounds	+ 11.1	25,097	24,975	22,581
% Producer Milk of Gross Class I		113.8	106.7	108.4
% Producer Milk priced in Class I		86.8	92.8	91.3

DECEMBER 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Dec. '64	Nov. '64	Dec. '63
Basic Formula	\$3.29	\$3.27	\$3.16
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.06	0.08	0.06
Class I Price, 3.5% Butterfat	\$5.10	\$5.10	\$4.97
<u>Per \$ 1090.51(a)</u>			
Supply-Demand Comparison: 1st and 2nd preceding months: October and November			
Supply: Lbs. Producer Milk (Oct. 17,952,365 and Nov. 17,318,508)			35,270,873
Demand: Lbs. Net Class I Milk (Oct. 16,753,830 and Nov. 15,072,693)			31,826,523
Utilization Percentage: Producer milk divided by Class I			111
Standard Utilization Percentage: Range 114-118			114
Net Deviation Percentage: Utilization minus Standard Utilization			minus 3
Supply-Demand Adjustment: 2 cents x 3 percentage points			plus \$0.06

Since the supply in relation to the demand is less than the desired standard, the price is increased 6 cents per hundredweight (2 cents x 3 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE TO BE USED FOR PAYMENT
OF PRODUCER MILK AND OTHER SOURCE RECEIPTS PRORATED TO CLASS I

NOVEMBER 1964	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Value
Gross Class I		15,212,933	3.589		
Less Other Source		180,568	2.409		
Producer Milk Class I	86.8	15,032,365	3.602959	\$5.181338	\$778,877.64
Gross Class II		3,235,544	6.396		
Less Other Source		949,401	1.459		
Producer Milk Class II	13.2	2,286,143	8.445841	6.861006	156,852.41
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	17,318,508	4.242248		935,730.05
Add Value of Overage					134.70
Add Value of Inventory Reclassified					-
Add Value of Other Source Receipts					
Prorated to Class I and Location Adj.		40,328	2.033327	3.941328	1,589.46
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					9,096.79
TOTAL VALUE AT TEST		17,358,836	4.237116	5.452848	946,551.00
Less Test over 3.5% @ 7.8¢ per point		17,358,836	0.737116	0.574950	99,804.63
TOTAL VALUE AT 3.5%		17,358,836	3.5	4.877898	846,746.37
Less Producer-Settlement Fund Reserve		17,358,836		.047898	8,314.54
PRODUCER UNIFORM PRICE f.o.b. POOL PLANTS		17,358,836	3.5	\$4.83	\$838,431.83

NOVEMBER 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$4.44	3.75	\$5.025	4.5	\$5.61	5.25	\$6.195
3.05	4.479	3.8	5.064	4.55	5.649	5.3	6.234
3.1	4.518	3.85	5.103	4.6	5.688	5.35	6.273
3.15	4.557	3.9	5.142	4.65	5.727	5.4	6.312
3.2	4.596	3.95	5.181	4.7	5.766	5.45	6.351
3.25	4.635	4.0	5.22	4.75	5.805	5.5	6.39
3.3	4.674	4.05	5.259	4.8	5.844	5.55	6.429
3.35	4.713	4.1	5.298	4.85	5.883	5.6	6.468
3.4	4.752	4.15	5.337	4.9	5.922	5.65	6.507
3.45	4.791	4.2	5.376	4.95	5.961	5.7	6.546
3.5	4.83	4.25	5.415	5.0	6.00	5.75	6.585
3.55	4.869	4.3	5.454	5.05	6.039	5.8	6.624
3.6	4.908	4.35	5.493	5.1	6.078	5.85	6.663
3.65	4.947	4.4	5.532	5.15	6.117	5.9	6.702
3.7	4.986	4.45	5.571	5.2	6.156	5.95	6.741

MILK BASE RULES

The following rules shall apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Nov. '63	\$4.69	-	-	7.4¢	\$4.88	7.6¢	\$3.13	6.7¢
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 ^{2/}	\$4.92	\$2.71	7.4	5.07	7.5	2.75	6.7
Apr.	4.72 ^{2/}	4.97	2.65	7.4	5.08	7.5	2.69	6.7
May	4.63 ^{2/}	4.89	2.62	7.2	5.07	7.5	2.66	6.7
June	4.78 ^{2/}	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	4.72 ^{2/}	4.99	2.62	7.4	5.16	7.5	2.66	6.7
Aug.	4.51	-	-	7.2	5.05	7.5	2.66	6.8
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	4.71	-	-	7.8	4.87	8.0	3.23	7.0
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	-	-	-	-	5.10	8.1	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE		PRICE QUOTATIONS			BASIC FORMULA	
	FORMULAS \$-cwt-3.5%		4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.	
	4 Tenn.	Butter	Milk Mfg.	Butter	Powders	Mfg.Grade Milk	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Nov. '63	2.80	3.13	3.138	58.09	14.26	3.16	
Dec.	2.82	3.12	3.150	58.01	14.28	3.16	
Jan. '64	2.82	3.12	3.150	57.97	14.30	3.17	
Feb.	2.82	3.12	3.150	57.97	14.24	3.16	
Mar.	2.75	3.12	3.081	57.97	14.25	3.15	
Apr.	2.69	3.12	3.025	57.97	14.19	3.12	
May	2.66	3.12	3.000	57.97	14.22	3.12	
June	2.66	3.12	3.000	57.97	14.24	3.11	
July	2.66	3.12	3.000	58.00	14.23	3.12	
Aug.	2.66	3.19	3.000	59.51	14.30	3.15	
Sept.	2.72	3.26	3.075	61.32	14.30	3.24	
Oct.	2.77	3.23	3.119	60.47	14.29	3.27	
Nov.	2.79	3.30	3.150	62.27	14.23	3.29	

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Nov. '63	14	541,180	477,170	472,150	517,143	-	684	756	-	-	4.29
Dec.	14	556,009	444,169	438,447	519,287	-	683	760	-	-	4.42
Jan. '64	13	568,237	487,184	482,468	532,316	-	683	779	-	-	4.32
Feb.	13	575,767	497,493	491,469	533,555	-	683	781	-	-	4.24
Mar.	13	578,062	476,604	472,818	533,163	498,663	678	786	736	50	4.15
Apr.	13	611,874	485,721	481,865	556,173	499,659	658	845	759	86	4.05
May	13	624,657	467,902	464,241	558,588	497,049	654	854	760	94	3.95
June	13	584,658	452,652	449,792	530,133	482,237	655	809	736	73	3.91
July	13	575,475	450,675	446,512	536,759	476,599	655	819	728	91	3.91
Aug.	13	635,322	466,287	461,263	591,226	-	685	863	-	-	3.94
Sept.	13	654,194	551,079	546,113	618,770	-	683	906	-	-	3.99
Oct.	13	612,364	542,789	537,353	579,109	-	682	849	-	-	4.24
Nov.	13	614,949	507,098	501,079	577,284	-	680	849	-	-	4.24

^{1/} Excludes Premiums^{2/} For Statistics Only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I